

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TELEDRAFT, INC. TO AMEND ITS CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY TO A)	CASE NO. 95-426
SWITCH BASED CARRIER AND AMEND OWNERSHIP)	

O R D E R

On September 21, 1995, Teledraft, Incorporated ("Teledraft") and Armed Forces Services, Inc. ("Armed Forces Services") (hereinafter referred to as "Joint Applicants") filed an application ("Joint Application") pursuant to KRS 278.020(4) and KRS 278.020(5) for Commission approval of the transfer of substantially all assets of Teledraft to Armed Forces Services. Teledraft was authorized to provide intrastate telecommunications services in Kentucky pursuant to the Commission's Order dated August 9, 1993, in Case No. 93-168.¹ Joint Applicants also request that Armed Forces Services be permitted to operate a telephone switch platform, and state that the switching equipment to be installed subsequent to approval of the Joint Application "is not designed for Local Resale except Shared Tenant Services." Armed Forces Services, a Kentucky corporation, states it does not intend to enter the competitive access provider or local resale business [Supplemental Information to Informal Conference, ("Supplement") filed October 9, 1995, at 1].

¹ Case No. 93-168, Application of Teledraft, Incorporated for a Certificate of Public Convenience and Necessity to Provide Intrastate Telecommunications Services.

Joint Applicants have filed, as Exhibit A to Supplement, copies of their transfer agreement. Joint Applicants have also filed information regarding the qualifications of Armed Forces Services personnel who are proposed to manage and operate the utility subsequent to the transfer, as well as an adoption notice whereby Armed Forces Services adopts, ratifies, and makes its own Teledraft's tariff currently filed with the Commission.

The proposed transaction will consist of Armed Forces Services' acquisition of substantially all assets of Teledraft in return for the issuance of a debt instrument for \$25,000.00, payable over thirty-six months, and for its assumption of Teledraft's \$10,000 debt to Alan Leasing Company. Armed Forces Services' two Kentucky operating personnel plan to defer cash payment for services until 1996.

Pursuant to KRS 278.020(4), persons under the jurisdiction of the Commission are required to obtain Commission approval prior to the acquisition or transfer of ownership or control of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval.

The Commission finds that KRS 278.020(4) and (5) are applicable to the proposed transaction as described by Joint Applicants. Therefore, Commission approval is necessary.

The Commission finds that the proposed transaction is consistent with the public interest and that it will take place in accordance with law and for a proper purpose. Furthermore, the

information submitted by Joint Applicants indicates that Armed Forces Services possesses the financial, technical, and managerial abilities to provide reasonable service in Kentucky. Accordingly, the proposed transfer should be approved.

Joint Applicants also request that the original operating authority granted to Teledraft be amended to include authorization to operate a telephone switch platform. Such amendment is necessary, Joint Applicants assert, because Teledraft's request for authorization stated that it would provide no "transmission or reception telecommunications equipment . . . operation facilities, equipment [or] networking" [Joint Application, at 2]. Joint Applicants state that the equipment to be installed will not be used to resell local service, except for shared tenant services. In addition, Armed Forces Services states it does not intend to enter the competitive access provider or local resale business. Consequently, the operating authority to be transferred should be amended to the extent necessary to enable Armed Forces Services to install and operate a telephone switch platform in a manner that is consistent with the limitations described herein.

IT IS THEREFORE ORDERED that:

1. The proposed transaction as described by the Joint Applicants is hereby approved.

2. Within 10 days of the date of this Order, Armed Forces Services, Inc. shall file in its own name the tariff of Teledraft adopted by Armed Forces Services, or such other tariff as it proposes to put into effect in lieu thereof.

3. The operating authority to be transferred is hereby amended to the extent necessary to enable Armed Forces Services to install and operate a telephone switch platform in a manner that is consistent with the limitations described herein.

Done at Frankfort, Kentucky, this 14th day of November, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director